California ISO
Your Link to Power

California Independent
System Operator Corporation

# Summer 2006 Loads and Resources Operational Outlook

## U.S. House of Representatives
## Committee on Government Reform
## Subcommittee on Energy and Resources

**Yakout Mansour**
**President and Chief Executive Officer**
**California ISO**

**July 12, 2006**

# Summer 2006 California ISO Control Area Peak Forecast

## Most Likely Conditions

| | |
|---|---|
| Control Area Generation Capacity (includes 4000MW forced and planned outage rate) | 42,600MW |
| Control Area Imports | 9,000MW |
| Total Control Area Supply | 51,600MW |
| Most Likely Control Area Demand | 46,063MW |
| Operating Reserve Requirement | 2,856MW |
| Total Reserve Capacity | 5,537MW |
| Surplus Reserve | 2,681MW |
| Operating Reserve Margin | 12 % |
| Planning Reserve with DR and Interruptible programs | 24.6% |

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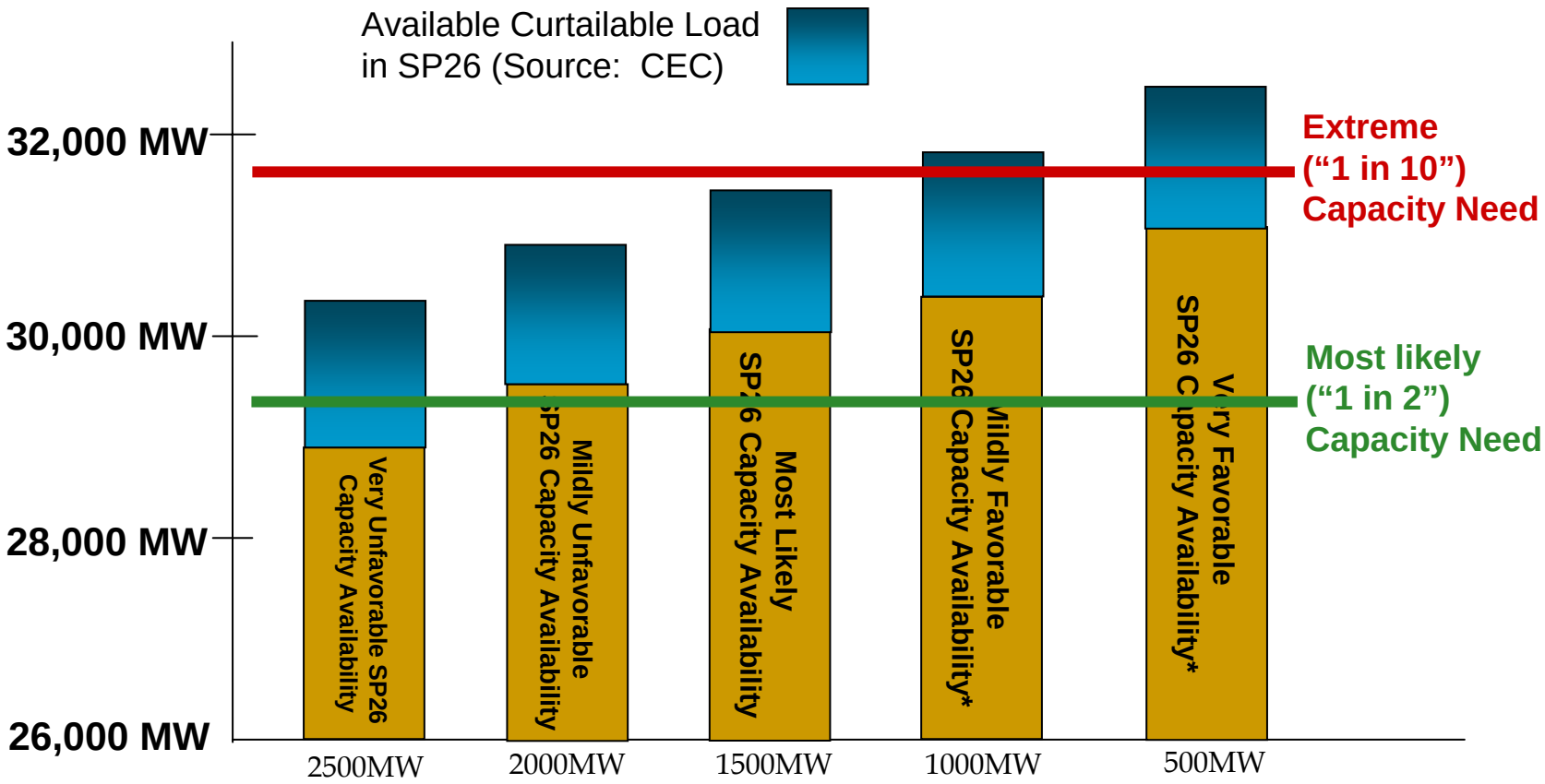
# Summer 2006 SP26 Peak Forecast

## "Most Likely" Conditions

| | |
|---|---|
| SP26 Generation Capacity (includes 1500MW forced and planned outage) | 19,976MW |
| SP26 Import Capability | 10,100MW |
| Total SP26 Supply | 30,076MW |
| "Most Likely" SP26 Demand | 27,299MW |
| Total SP26 Reserve Capacity | 2,777MW |
| Operating Reserve Requirement | 1,690MW |
| Total Operating Reserve | 10.2% |
| Planning Reserve with DR and Interruptible programs | 20% |

# SP26 Capacity Picture Under Various Generation Outage Scenarios ***and*** Loss of 2000MW of Import Supply




**Generation Forced and Planned Outage Rate**

# Short-Term Strategies

- Conduct operator workshops
- Promote conservation
- Engage suppliers, load-serving entities, and transmission owners to assess needs and available supplies
- Coordinate maintenance (generation and transmission)
- Complete upgrades and increase transfer capability (1400MW transfer capacity, 800MW imports)
- Improve communication and coordination with LADWP and Bonneville (PDCI)
- Implement new market rules (e.g., Price Caps)
- Improve short-term forecasting process
- Develop operating tools and procedures

# Long-Term Strategies

- CPUC long-term procurement program (3700 MW by 2009)
- CPUC Resource Adequacy – Phase II (capacity markets)
- Identify, study and approve needed new transmission lines (e.g., Tehachapi)
- Support transmission needed for renewables
- $1.8 billion in transmission investment in Southern California over the next 5 years
- Streamline transmission development process
- MRTU